

Slowest US job growth in seven months

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The US economy continued to stagnate in April, creating a mere 160,000 jobs, far fewer than the 200,000 predicted by economists and the lowest number in seven months, according to the monthly employment report released Friday by the Labor Department.

Employment gains have averaged 192,000 a month so far this year, well below 2015's average of 229,000 jobs a month.

The official unemployment remained at 5.0 percent, while employment fell by the most since 2013. The labor force actually declined, with 362,000 people dropping out of the labor market. The labor participation rate—the share of working-age people in the labor force—dropped to 62.8 percent from the previous month's 63 percent. The employment-to-population ratio also declined, falling to 59.7 percent.

These dismal figures are consistent with recent data showing a sharp deceleration in US economic growth, which has slowed for three consecutive quarters. Last week, the government reported that the nation's gross domestic product rose by only 0.5 percent in the first three months of 2016, the weakest quarterly pace in two years. Of particular significance was a dramatic decline in business investment, portending more months of minimal job growth.

Earlier this week, the government reported a sharp decline in US imports, a direct reflection of the deepening slump in the global economy. In April, the International Monetary Fund downgraded its projection for global economic growth for the fourth straight time in a year and warned of a “synchronized slowdown.”

On Thursday, the outplacement consultancy firm Challenger, Gray & Christmas reported a sharp increase in layoff announcements by US-based companies in April. Challenger said employers had given notification of workforce reductions totaling 65,141 jobs, a 35 percent increase over March and nearly 6 percent

higher than the number recorded in April of 2015.

The company noted that US employers announced more than 250,000 job cuts through the first four months of 2016, 24 percent higher than the same period a year ago and the highest January-April total since the depths of the economic crisis in 2009.

“We continue to see large-scale layoffs in the energy sector, where low oil prices are driving down profits. However, we are also seeing heavy downsizing activity in other areas, such as computers and retail,” said the firm's CEO, John A. Challenger. The report pointed out that the energy section announced a further 19,759 job cuts in April, bringing the year-to-date total to 72,660. It also noted that computer firms announced nearly 17,000 job cuts last month, including 12,000 by chipmaker Intel.

The official 5.0 percent unemployment figure masks a continuing jobs crisis and deterioration in the wages and working conditions of broad sections of the population. The vast majority of jobs wiped out in the so-called Great Recession that followed the financial crash of 2008 have been replaced during the Obama “recovery” that began in mid-2009 with low-wage, part-time, temporary and contingent jobs. This regression in working-class living standards is reflected in soaring mortality rates, rising suicide and drug addiction rates and declining life expectancy for substantial social layers.

The acute social crisis has found expression in recent weeks in a wave of store closings and layoffs by large retail chains, including Walmart, Sears/Kmart and Macy's, whose revenues and profits have been impacted by the economic distress of their customer base.

In April, there were still 7.9 million people officially counted as unemployed. That number, however, excludes millions of people who have dropped out of the labor market because they are unable to secure a job

that pays a living wage, and an additional 6 million people who are working part-time only because they cannot get a full-time job.

The US financial markets rose in response to the poor jobs report, based on the calculation that the weak figures made it less likely the Federal Reserve Board would raise interest rates when it meets next month.

In typical fashion, President Obama and others in his administration attempted to present the April jobs report as a positive vindication of their economic policies. Obama held a brief White House press conference in which he hailed the report, saying, “The [economy] has been growing, unemployment has been falling and wages have been rising.”

His labor secretary, Thomas E. Perez, was even more enthusiastic. “Today’s report,” he declared, “is further evidence of a steady recovery that continues to put more people back to work... Despite a lot of naysaying from some people, the plain truth is that the economy has bounced back impressively from the Great Recession, creating opportunity and improving the lives of millions of people.”

The net gain in private-sector jobs in April was 171,000, but government jobs declined by 11,000, mostly as a result of cuts in the US Postal Service and in education. The job figures for the two previous months were downwardly revised by a combined total of 19,000.

Retailers cut payrolls by the most in two years, and construction firms added only 1,000 positions. Employment in mining and logging, a category that includes the coal, oil and gas industry, fell by 8,000 in April. The sector lost 136,000 jobs from a year earlier.

Manufacturers added 4,000 jobs during April, but factories shed 47,000 jobs in the first three months of the year.

Press reports generally hailed a rise in average hourly earnings for the month of 0.3 percent from the prior month, bringing the annualized rate of growth since April 2015 to 2.5 percent. However, economists consider growth of at least 3.5 percent to be indicative of a healthy labor market.



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